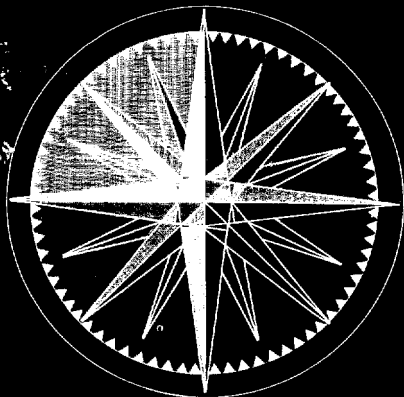


SECRET

Approved For Release 2008/06/19 : CIA-RDP79-00927A004200040001-3

25X1



27 September 1963

OCI No. 0299/63

Copy No. 70

WEEKLY SUMMARY

OFFICE OF CURRENT INTELLIGENCE

State Dept. review completed.

CENTRAL INTELLIGENCE AGENCY

DIA review
completed.

SECRET 25X1

GROUP 1 Excluded from automatic
downgrading and declassification

Approved For Release 2008/06/19 : CIA-RDP79-00927A004200040001-3

Approved For Release 2008/06/19 : CIA-RDP79-00927A004200040001-3

Page Denied

Approved For Release 2008/06/19 : CIA-RDP79-00927A004200040001-3

SECRET

C O N T E N T S

(Information as of 1200 EDT, 26 September 1963)

<u>CUBA</u>	<u>Page</u>
CASTRO-STYLE COMMUNIST PARTY STILL DEVELOPING	1
Castro [redacted] is proceeding with plans to develop his own Communist-style system over which he will exercise tight personal control.	
<u>THE COMMUNIST WORLD</u>	
SINO-SOVIET RELATIONS	2
As their bitter exchanges continue, Moscow has found a potent weapon in Peiping's refusal to sign the test ban treaty and is underlining Chinese "war mania." The Chinese are attempting to return the polemic to the issue of Communist orthodoxy, where they are on stronger ground than the Soviets.	
SOVIET FOREIGN POLICY OUTLOOK	4
Moscow seems anxious to avoid new crises with the West while dealing with its Chinese adversaries and its serious economic problems. Gromyko's UN speech was the most recent example of Soviet efforts to encourage an atmosphere of East-West detente.	
[redacted]	
SHAKE-UP IN CZECHOSLOVAK LEADERSHIP	6
Stalinist party boss Novotny's changes are only half measures which are likely to encourage demands for further liberalization, possibly even for his own ouster.	
RUMANIA'S GROWING NATIONALISM	8
Having defied Moscow in the bloc economic organization, Bucharest has apparently been encouraged to follow up with new expressions of independence.	
PEIPING'S INTEREST IN BURMA	9
Chinese Communist protégés appear to have considerable influence in the Burmese Communist Party delegation now engaged, along with other insurgent elements, in peace talks with the Ne Win regime.	

25X1
25X1

25X1

SECRET

ASIA-AFRICA

Page

SITUATION IN SOUTH VIETNAM

10

Despite an outward calm, political restiveness persists, coup talk is again being heard, [REDACTED]

25X1
25X1
25X1

INDONESIA'S CAMPAIGN AGAINST MALAYSIA

11

Djakarta is continuing its military preparations in Borneo, has broken trade relations with Malaysia, and is taking other economic measures against the new country.

JAPAN TO PROPOSE ORGANIZATION OF WESTERN PACIFIC

12

Prime Minister Ikeda hopes to sell this plan during his current trip in the Southwest Pacific area.

PAKISTAN'S ECONOMIC RELATIONS WITH THE BLOC

13

Ayub's government has recently concluded trade agreements with the USSR, Poland, and Albania, and others are under discussion.

25X1

AREA NOTES

14

Iran and Yemen

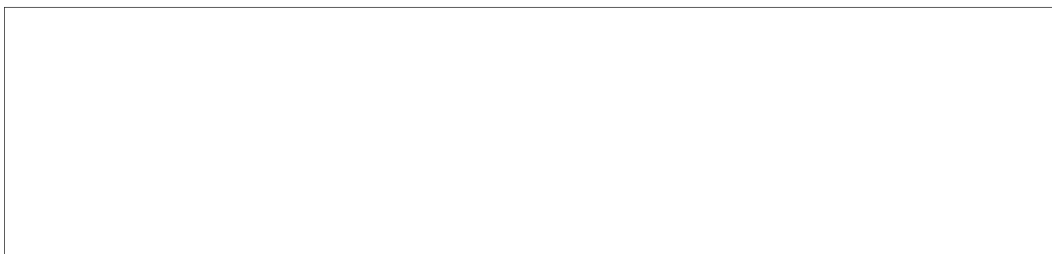
SECRET

SECRET

EUROPE

Page

NEW FRENCH EFFORTS TOWARD ANTI-GAULLIST ALLIANCES 15
Amid rumors that De Gaulle will seek re-election before his term expires in 1965, his opponents are engaged in new maneuvers--likely to benefit chiefly the Communists--to form alliances against him.



25X1

LABOR GOVERNMENT RECONSTITUTED IN NORWAY 16
Reconstitution of a minority Labor cabinet on 25 September restores the government to essentially the situation prevailing before Labor was toppled by a nonsocialist four-party coalition last month.

WESTERN HEMISPHERE

OVERTHROW OF DOMINICAN PRESIDENT BOSCH 17
The coup d'etat removed the first freely elected regime in over 30 years and does not augur well for the country's political stability. Foreign reaction has been overwhelmingly unfavorable.

HAITIAN DICTATOR CRUSHES ANOTHER EXILE RAID 18
Duvalier, now in a stronger position than at any time in recent months, may try to consolidate his power further by another purge of elements in his regime which he considers unreliable.

INCREASING EXTREMIST AGITATION IN BRAZIL 19
The extreme left is increasing pressure on the government for radical measures, employing the threat of a general strike. The attitude of War Minister Jair Ribeiro is considered the key to the outcome of the present crisis.

THE CHILEAN POLITICAL SITUATION 20
Maneuvering for next year's presidential election is already under way, and now may be complicated by some splintering of incumbent President Alessandri's Democratic Front following last week's cabinet crisis.

VENEZUELAN TERRORISTS CONTINUE THEIR OFFENSIVE 21
The terrorists for the third week have kept up an intensified campaign to undermine the Betancourt government.

SECRET

27 Sept 63

CURRENT INTELLIGENCE WEEKLY SUMMARY

Page iii

SECRET

Cuba

CASTRO-STYLE COMMUNIST PARTY STILL DEVELOPING

25X6

veterans of the prerevolutionary Cuban Communist Party account for only a little more than three percent of the total PURS membership. This appears to be a reasonable estimate, as many "old" Communists are believed to have been bypassed for having been associated with the "sectarian" activities of Anibal Escalante, the veteran Cuban Communist leader purged in March 1962.

25X1

Castro is proceeding to develop his own Communist-style system based on a party bureaucracy over which he will exercise tight personal control. The foundation of this system is to be the still developing United Party of the Socialist Revolution (PURS). Although PURS is being structured on the pattern of Communist bloc parties and espouses Marxism-Leninism as its ideology, it is clear that loyalty to Castro is the first prerequisite for membership. This is increasingly evident in the care that has gone into the selection of party cadres and the speeches that have been devoted to party activities.

During a ceremony of 17 September marking the formation of a sectional party unit in Oriente Province, the provincial party organizer stated that the process of organizing the party there will be completed by 10 October. When the organizational process is completed in all six provinces, the stage will be set for a national congress to mark the formal establishment of the party. This congress, which had been promised for sometime in 1963, may now be put off to accompany next January's anniversary celebrations.

25X1

SECRET

SECRET

The Communist World

SINO-SOVIET RELATIONS

Moscow and Peiping are relentlessly pursuing their political warfare aimed at discrediting each other and winning the allegiance of foreign parties. The Chinese and Soviet parties are each apparently operating on the assumption that the conflict will be protracted and inconclusive. Neither side seems to believe that the other will allow itself to be provoked into some irreparable action that would precipitate a complete break in party relations and possibly even diplomatic ties. At the same time, each party is making strenuous efforts to place itself in the strongest possible position in the event they are forced into open rupture.

The Soviet leaders clearly are confident that Peiping's refusal to sign the nuclear test ban treaty has provided them with a potent weapon in their drive to discredit and isolate the Chinese Communists. The long Soviet Government statement published on 21 and 22 September claimed that the Chinese have suffered a "serious moral and political defeat" and that their rejection of the treaty "amounts to complete apostasy" from the world Communist line. The whole thrust of the statement was to portray the Chinese leaders as bloodthirsty warmongers who are ready to embark on irresponsible adventures. It warned that Peiping's desire to acquire nuclear weapons causes "serious doubts concerning the foreign policy aims of China's leaders," and charged that they are committed to a "military solution of the contradictions between socialism and capitalism."

The Soviet statement replied to recent Chinese charges of Soviet subversive activities in Sinkiang Province by claiming that Chinese "servicemen and civilians" have "systematically violated" the Soviet frontier since 1960. Moscow for the first time took notice of Peiping's declared intention to revise or abrogate "unjust" territorial settlements imposed on China by the "imperialists." The statement warned that "artificial creation" of territorial disputes would mean "embarking on a very dangerous path" and strongly implied that Moscow will refuse to recognize Peiping's claims.

In the latest polemical exchanges both parties have gone so far as to call into question each other's readiness to fulfill commitments under the Sino-Soviet Treaty of 1950. Peiping repeatedly has cast doubt on Soviet commitments and has accused the USSR of "flagrant violations" of the treaty. The Soviet statement charged Peiping with seeking to justify its desire to acquire nuclear weapons by denouncing Moscow as an "undependable ally." It warned the Chinese against assuming that they could enjoy Soviet nuclear protection and at the same time continue to attack the USSR. To underscore this warning, Moscow quoted the Russian proverb: "Do not foul the well; you may need its waters."

The Soviet statement concluded with a pro forma appeal for a cessation of polemics, but also with a thinly veiled threat of unspecified retaliatory actions if Peiping persists in attacking the USSR. It warned that

SECRET

SECRET

The Communist World

the Chinese "must clearly realize that the most resolute rebuff from the Soviet party and people awaits them on this road." Moscow's handling of two recent frontier train incidents suggests that any future Soviet reprisals may include a drastic curtailment or complete termination of the Chinese training program in the USSR. It is possible that the Russians are even contemplating a complete break in economic relations along the lines of Soviet action against Albania in 1961. There are also rumors in Moscow of a Soviet decision to break state relations with Peiping.

A Pravda article on 19 September, which blamed the Chinese for the failure to settle the Sino-Indian border dispute, constitutes Moscow's strongest and most extensive criticism to date of Peiping's policy on this issue. In an obvious attempt to discredit China in Afro-Asian eyes, Pravda deplored Peiping's refusal to "listen to the voice of reason" as embodied in the Colombo proposals of December 1962 and accused the Chinese of playing into the hands of the imperialists.

Peiping has shown its extreme sensitivity to Moscow's damaging charges that the Chinese leaders are "war maniacs"--inadvertently confirmed by a fumbling Chinese attempt on 1 September to "explain" Mao's remarks in 1957 concerning the probable outcome of a nuclear conflict--by attempting to return the polemical warfare to the area in which they have the better weapons. In the second major Chinese article in the projected series replying to the Soviet party pronouncement of 14 July, People's Daily on 13 September adopted a disdainful, patronizing tone toward Khrushchev and assumed the role of faithful defender

of Communist orthodoxy against the heretical Soviet premier.

The article, which was designed to exploit the disarray and demoralization in foreign parties created by Khrushchev's attacks on Stalin, was addressed primarily to hard-line factions in these parties to whom Peiping looks for support. It tried to show that Khrushchev is unworthy to head the world Communist movement and defined the ideal "head-quarters of the proletariat" in terms which fit only the Chinese Communist Party.

The article struck directly at Khrushchev's most vulnerable point by emphasizing that he had been "particularly active" in carrying out Stalin's suppression of Soviet "counterrevolutionaries" in the 1930s. With surpassing insolence, Peiping claimed that even a majority of people in the USSR itself disapproved of Khrushchev's attacks and "cherish" Stalin's memory.

While the Chinese strain to gain adherents outside China, there are indications that the Sino-Soviet rift, added to domestic economic difficulties, is creating morale problems in China. According to a report of an official inquiry into popular attitudes in a county of Kwangtung Province, many people are alarmed by the loss of Soviet support for industrialization and are pessimistic about the future. The US consul general in Hong Kong comments that this and another recent report show that Peiping's challenge to Moscow--while appealing to Chinese xenophobia--has also generated apprehension over the regime's motives and possibly deepened doubts about its present course.

25X1

SECRET

SECRET

The Communist World

SOVIET FOREIGN POLICY OUTLOOK

The dominant factor shaping Moscow's present foreign policy outlook appears to be its desire to avoid new crisis situations with the West while dealing with the increasingly bitter and damaging struggle with the Chinese Communists for leadership of the Communist movement. The serious economic problems facing the Soviet leaders, highlighted by the recent large-scale grain purchases in the West, probably have also strengthened their interest in a general improvement in Soviet-Western relations.

The moderate and "statesmanlike" tone of Foreign Minister Gromyko's speech to the UN General Assembly on 19 September was the most recent example of Soviet efforts to encourage a detente atmosphere. He urged all governments to use the favorable situation created by the test ban treaty to agree on further measures to ease tension and he carefully refrained from direct criticisms of US policy in such sensitive areas as Cuba and Southeast Asia. He gave only perfunctory attention to the German and Berlin problems and repeated Khrushchev's theme that, from the bloc viewpoint, the Berlin Wall has reduced the urgency of a German peace treaty.

In keeping with long-standing Soviet "detente tactics," Gromyko's speech focused primarily on disarmament. His proposals for a heads-of-government meeting of the 18-nation disarmament committee during the first half of 1964 and for a US-Soviet treaty banning nuclear weapons in outer space were intended to demonstrate the USSR's constructive attitude. He also sought to underline Soviet flexibility by offering a further "concession" in Moscow's general disarmament plan which would permit the US and the USSR to retain a limited number of missiles and nuclear weapons until the end of the last stage of the disarmament process.

The Soviet leaders appear to see little early prospect for further agreements comparable to the test ban in importance. They are under no pressure, and they remain unwilling to make concessions as the price for agreement on major issues such as Berlin and Germany. They probably believe, moreover, that West German and French opposition will preclude agreement on such measures as a NATO - Warsaw Pact nonaggression treaty, a reduction of foreign forces in the two Germanys, and a nuclear-free

SECRET

SECRET

The Communist World

zone in Central Europe. Khrushchev, however, probably hopes to draw the US and its allies into a protracted period of negotiation on partial disarmament and European security matters. He would calculate that such talks would intensify differences among the Western allies and increase the reluctance of some NATO members to proceed further with a multilateral NATO nuclear force.

While the Russians see no present opportunities for advancing their aims on major European questions, they apparently attach considerable importance to further bilateral agreements with the US as a means of keep-

ing alive the momentum and atmosphere created by the test ban treaty. In addition to Soviet interest in agreements banning nuclear weapons in outer space and establishing legal principles for the peaceful uses of space, Moscow has indicated a desire to conclude a consular convention and a civil air transport agreement.

Although the USSR has termed President Kennedy's UN address an "encouraging" and "sober" approach to world problems, it has not yet reacted publicly to his proposal for a joint manned lunar landing project. [REDACTED]

25X1

25X1

* * *

SECRET

27 Sept 63

CURRENT INTELLIGENCE WEEKLY SUMMARY

Page 5

Page Denied

SECRET

The Communist World

SHAKE-UP IN CZECHOSLOVAK LEADERSHIP

25X1

The shake-up in the Czechoslovak regime on 21 September removed a number of party boss Novotny's Stalinist colleagues from high positions and extended the influence of a new and somewhat more liberal party grouping. However, while yielding to pressures for political liberalization and economic rationalization, Novotny has placed members of his own clique in positions where they can watch the new appointees. This effort to ensure his own position will probably succeed temporarily.

The changes which Novotny has made are nevertheless unlikely to satisfy his severest critics. They are, moreover, likely to whet appetites and to concentrate further criticism directly on Novotny, who is as guilty of "Stalinist" crimes as those officials recently removed.

Premier Siroky, two hard-line deputy premiers, and four ministers were dropped. Two new ministers without portfolio--both Slovaks--were added, and four new central committee commissions--three deal-

ing with economic matters, the other with ideology--were created.

Josef Lenart, a member of the Czechoslovak party presidium since December 1962, was made premier. With the appointment of Lenart, a 40-year-old Slovak who is untainted by Stalinism, Novotny evidently hopes to silence his outspoken Slovak critics.

Three other regime officials elevated to new positions of prominence--Cestmir Cisar, Vladimir Koucky, and Drahomir Kolder--are reportedly members of a more liberal central committee group hostile to Novotny. Koucky--an old-time party secretary responsible for relations with foreign Communist parties and probably also for domestic cultural matters--has been appointed to head the central committee's new ideological commission. Party secretary Kolder is to head the party's new commission on general economic problems. Cisar was appointed minister of education and culture, a move which will hearten those intellectuals, authors, and

SECRET

PERSONNEL CHANGES CZECHOSLOVAK COMMUNIST PARTY 20 September 1963			CZECHOSLOVAK GOVERNMENT CHANGES 20 September 1963			
PRESIDIUM Members			Position	OLD	NEW	Additional Duties
OLD	NEW		President	Antonin Novotny	Antonin Novotny	
Jaromir Dolansky Zdenek Fierlinger Jiri Hendrych Alexander Dubcek Drahomir Holder Vladimir Koucky Antonin Novotny Otakar Simunek Viliam Siroky	Jaromir Dolansky Zdenek Fierlinger Jiri Hendrych Alexander Dubcek Jozef Lenart Antonin Novotny Otokar Simunek	(head of new party commission on standard of living) (head of new party commission on agriculture) (head of new party commission on economy)	Premier	Viliam Siroky	Jozef Lenart	Chairman State Planning Commission replacing Alois Indra
			Deputy Premier		Oldrich Cernik	
			" "	Jaromir Dolansky		Chairman State Wage Comm.
			" "	Ludmila Jankovcova		
			" "	Frantisek Krajcir	Frantisek Krajcir	
			" "	Jan Piller	Jan Piller	Chairman State Comm. for Investment Construction
			" "	Otokar Simunek	Otokar Simunek	
			Ministers without Portfolio		Michal Chudik	Chairman Slovak National Council replacing Jozef Lenart
					Vincenc Krahulec	Chairman Slovak Planning Comm.
Candidate Members			Ministers			
Antonin Kapek Ludmila Jankovcova	Antonin Kapek Michal Sabotcik Martin Vaculik		Agriculture, Forestry & Water Economy	Vratislav Krutina	Jiri Burian	
			Education & Culture	Frantisek Kahuda	Cestmir Cisar	
			Finance	Julius Duris	Richard Dvorak	
			Transport	Frantisek Vokac	Alois Indra	
			Food	Josef Krasnar	Vratislav Krutina	
			Fuel	Oldrich Cernik	Josef Odvarka	
			Minister-Chairman State Planning Commission	Alois Indra	Oldrich Cernik	
			State Commission for Development and Coordination of Science and Technology	Jaromir Dolansky	Frantisek Vlasak	
NOTE: CENTRAL COMMITTEE			NOTE: Incumbents of remaining 13 ministerial posts and 1 post of minister-chairman of a government commission were retained.			
Dropped: Julius Duris, ex-Minister of Finance Promoted from candidate to full member: Michal Sabotcik			Dropped			
			Dismissed			

SECRET

The Communist World



LENART

journalists who have been pressing for change. He was reportedly responsible for the publication in June of an open attack on Siroky.

Cisar's predecessor has been retained as deputy, however, and Cisar was removed from the party secretariat. As



KOUCKY

a further counterbalance to the influence of these three, ousted Deputy Premier Dolansky was appointed head of the new party commission on living standards. Also influential party presidium member Jiri Hendrych, long a Novotny supporter, is chairman of the new agriculture commission.

The success of Novotny's tactics will depend in considerable measure on the degree of backing he receives from Hendrych, who has long been in line as Novotny's successor,



HENDRYCH

and who aided the preliminary de-Stalinization moves last January. Novotny's chances also depend on how well and quickly the country's economy--whose success until 1960-61 shored up his political position in the eyes of Moscow--responds to the new top management, which is sprinkled with his opponents.

25X1

SECRET

SECRET

The Communist World

RUMANIA'S GROWING NATIONALISM

Rumania has apparently been sufficiently encouraged by its successful defiance of Moscow over certain bloc economic integration policies to follow up with further expressions of independence. Bucharest now seems to be in a leading position among the East European countries in asserting a right to place its national interests ahead of those of the USSR and other members of the Council for Mutual Economic Assistance (CEMA). This has been reflected in recent weeks in Bucharest's noncommittal public stance in the Sino-Soviet dispute and in its adoption of policies appealing to the nationalistic sentiments of the Rumanian population.

Rumania has for many years sought to avoid embroilment in controversial bloc affairs, and its present relative silence on the Sino-Soviet polemics is in increasingly sharp contrast with the rest of the Soviet bloc. The regime last criticized the Chinese by name on 7 August, and then more in a tone of sorrow than anger. By not opposing the Chinese line in the same terms as Moscow and the rest of Eastern Europe, Bucharest maintains a constant threat of turning from support of Moscow in the event that the USSR should again attempt to change Bucharest's economic policies.

The regime's effort to lessen Soviet influence in the country has direct appeal to nationalistic sentiment. During Rumania's national holiday ceremonies on 23 August, pictures of Khrushchev were not displayed, the usual slogans extolling Rumanian-Soviet friend-

ship were missing, and the normal eulogy on the World War II role of the Soviet Army in the liberation of Rumania from the Nazis was practically ignored. More recently the unpopular mandatory Russian-language courses for grades 5 through 11 have been made optional, the Maxim Gorki Institute of Russian Language and Literature at Bucharest University has been abolished, and a Rumanian Language and Literature Department created.

Rumania continues to defend its independent economic policies, and to view cooperation with CEMA essentially in terms of serving its own national interests. On 23 August, a Rumanian economic journal criticized an East German article which had said that some bloc states should limit themselves to "passive industrialization"--a critical allusion to Bucharest's insistence on developing an industrial economy. Another article on 30 August sharply defended Rumania's policy of continuing to develop an all-round industrial base.

Bucharest's attempts to manifest greater independence probably stem in part from fear that the settlement of its differences with CEMA reached at last July's meeting was only temporary. Mindful of this, the regime is obviously trying to maintain itself in a strong position--both domestically and to exploit Moscow's bitter battle with the Chinese --and thus be able to stand up to future pressures from Moscow.

25X1

SECRET

SECRET

The Communist World

PEIPING'S INTEREST IN BURMA

Peiping's long-term efforts to increase its influence in Burma took a new turn this month, when Burmese ruler Ne Win began preliminary peace talks with Burmese Communist Party (BCP) and other insurgent elements.

When Ne Win first proposed negotiations with insurgent groups, the Chinese were quick to "cooperate" with him by arranging for 29 BCP leaders who have been living in China for the past decade to take part. Thus, the Chinese now have well-indoctrinated Burmese protégés bidding for leadership of a Communist party which may soon be legal and may even have a small voice in the government.

In the preliminary peace talks with Ne Win, four of the eight members of the BCP delegation were returnees from Peiping--an indication that they have regained considerable influence in the indigenous party. Statements made at a press conference by the leader of the delegation openly supported Peiping in the Sino-Soviet dispute.

The recent recall of the Chinese Communist envoy in Rangoon and the consul general in Mandalay suggests that the Chinese are revamping their diplomatic front in hopes of

taking advantage of a new era. The new ambassador, Keng Piao, was a vice minister of foreign affairs; both his high-level background and his reputation as an intelligent, aggressive party careerist contrast sharply with those of his less active predecessor.

Since 1959 China has pursued a policy of determined friendship toward Burma and dropped its bullying hard line against Ne Win, which was counterproductive. In 1960 and 1961 a boundary agreement, cooperation with Burma against Chinese Nationalist irregulars, and an \$84-million trade agreement followed the establishment of this policy. Since then, Peiping has maintained its friendly and reasonable facade by responding moderately even when Burma stiffened its naturalization policy, nationalized two Chinese Communist banks, and issued a statement in favor of the Moscow test ban treaty.

Therefore, although the Ne Win - BCP talks appear likely to drag on for some time and produce few major government concessions, Peiping will probably continue to be most circumspect in dealing with Rangoon. The Chinese have no desire to upset by overeager action their efforts in one of the few countries in which they may be making progress.

25X1
25X1

SECRET

SECRET

Asia-Africa

SITUATION IN SOUTH VIETNAM

Political restiveness persists in South Vietnam despite outward appearances of a return to near-normal conditions and of firm control by the Diem government.

How-
ever, the capabilities of anti-regime groups are open to question.

The Viet Cong are sustaining their high level of activity in the delta area, although the scale of attacks apparently has decreased during the past week. The delta provinces of Kien Hoa, Vinh Binh, and Ba Xuyen

have been the primary targets of Viet Cong attacks, particularly self-defense corps outposts and communication routes. Some elements of the newly arrived infantry division that will be permanently based in the delta have been sent to Vinh Binh.

25X1

While the current step-up in Viet Cong activity may be designed to exploit the government's current political difficulties, a slow increase has been discernible for four months. Communist forces may sustain a higher rate of activity throughout the approaching dry season than they did last fall.

25X1
25X1

* * *

SECRET

SECRET

Asia-Africa

INDONESIA'S CAMPAIGN AGAINST MALAYSIA

Indonesia is continuing its military preparations in the Borneo area, while stepping up its confrontation policy against Malaysia in the economic field.

On 25 September, Djakarta announced that it has sent elite forces--including commando units--to the Sarawak border area. Defense Minister Nasution stated that these troops are prepared to train and aid northern Borneo rebels.

A British official announced on 25 September that the first serious border incident in Sarawak's First Division area in more than a month occurred the previous day when four mortar shells were fired into a Sarawak village.

--	--

Malaysia, for its part, urgently recalled its chief of staff, Maj Gen. Osman, from a tour of Pakistan, and announced it was sending two more battalions to Sarawak and Sabah (North Borneo) as part of its "preparedness" policy. Osman is to go to Sarawak, where Malaysian troops will now number about 2,000.

Indonesia's break in trade relations with Malaysia on 21 September has been followed by a number of specific actions aimed at giving some teeth to the economic war. Oil companies operating in Indonesia are forbidden to ship oil to Malaysia, and Indonesian tin concentrates--formerly smelted in Penang, Malaya--will be shipped directly to Europe in the future. On 24 September, the Indonesian Government denied landing rights to all international airline flights with stops in Malaysia and next day temporarily cut all telegraphic and telephone links with the new nation.

Several high-ranking Indonesian officials have expressed concern over the effect of the Malaysian trade break on Indonesia's economy, and some efforts have already been made to develop new trade patterns. On 23 September an agreement was signed with Communist China for the sale of 2,000 long tons of rubber starting this month. Two days later, Indonesia and the Philippines signed a memorandum implementing trade agreements concluded last May. In a joint communiqué issued after the signing, the Djakarta government expressed its willingness to shift its traditional trade from Malaysia to the Philippines.

25X1
25X1

SECRET



SECRET

Asia-Africa

In view of the great difficulties involved in reorientating trade from Singapore and the attendant serious effects on the Indonesian economy, Sukarno may not be willing or able to hold the line against all economic relations with Malaysia.

Meanwhile, both Thailand and Japan have separately offered to mediate the Malaysian situation. Australia and New Zealand have publicly given pledges of military assistance to help defend the territorial integrity and political independence of Malaysia.

25X1

JAPAN TO PROPOSE ORGANIZATION OF WESTERN PACIFIC

Prime Minister Ikeda of Japan is using the good-will tour on which he embarked on 23 September as a major effort to further Japan's influence in the Southwest Pacific area. Foundations are already laid for the trip to fulfill its original purpose of stimulating expansion of Japanese trade, especially with Australia.

On the eve of his trip, Ikeda publicly announced Japan's interest in playing a peace-maker role in the Malaysia dispute. Privately, he told Ambassador Reischauer that he planned specifically to propose a Western Pacific organization to the leaders of the countries he is visiting: the Philippines, Indonesia, Australia, and New Zealand, where his tour concludes about 4 October. He hopes subsequently to announce a preliminary meeting in Tokyo for next year of representatives of Japan and those four powers--composing what he has called "the colossal archipelago" of the South Seas. The purpose of the gathering would be to discuss a grouping of these four together with Japan, Malaysia, Thailand, and possibly others.

The Japanese foreign minister told the US that in his talks with Presidents Macapagal of the Philippines and Sukarno of Indonesia, Ikeda planned to emphasize the importance of good mutual relations among the peoples of the Malay archipelago. He will reportedly offer Japanese assistance generally in settling regional differences.

25X6

25X6

25X1

SECRET

SECRET

Asia-Africa

PAKISTAN'S ECONOMIC RELATIONS WITH THE BLOC

The economic agreements which Pakistan is concluding with several Communist countries seem primarily intended to underline Pakistan's "independence" of its Western allies rather than to signal a substantial shift in its economic relations. Repeated publicity on each step in negotiations with Communist representatives does, however, encourage further demands by Pakistani neutralists for disengagement from free world alliances.

Last year, when faced with the likelihood that the United Kingdom would join the Common Market, Pakistan began to look for new markets, including bloc countries with which it had traded only sporadically in the past. Although the failure of Britain's bid reduced the need to diversify Pakistani trade, Rawalpindi continued to publicize its desire for expanded economic relations with the bloc as part of its reaction to US and UK military assistance to India.

In August and September, Pakistan concluded barter trade agreements with the USSR, Poland, and, most recently, Albania, and it has held barter discussions

with Communist China and Czechoslovakia. These agreements call for the export mainly of raw jute, cotton, wool, hides, and skins, in return for cement, other building materials, and petroleum products.

There will probably be only a limited expansion in the bloc's 5-percent share of Pakistan's world trade. Although the Communist countries are chiefly interested in raw jute, Pakistan is not likely to divert large quantities of its best hard-currency earner from Western markets. Cuba has reportedly arranged to purchase 15,000 bales of manufactured jute, in the form of sugar bags, from Pakistan, in addition to 60,000 bales from India.

Additional propaganda play will probably be given to the expansion of Pakistan's civil air ties with the Communists. Rawalpindi seems eager to implement its well-publicized civil air agreement with Communist China, but the many practical arrangements which must be made seem likely to cause repeated postponements. The USSR has also sent a civil air negotiation team, which now is in Pakistan.

25X1

SECRET

SECRET

Asia-Africa

AREA NOTES:

Iran: The carefully managed 17 September elections to the Iranian Parliament (Majlis) carried the government one step further in the Shah's aim of remaking Iranian society, but hostile elements are prepared to continue their opposition. Although the government's handling of the elections may have been somewhat less restrictive than on previous occasions, its devices to prevent the election of any opposition candidate will leave it open to continuing criticism.

One of the first steps the Majlis will be asked to approve is the creation of a new ministry that would bring vast religious properties under government control and thus end the economic independence of the Conservative religious leaders (mullahs) and lessen their political power. Both the mullahs and the radical Freedom Movement may turn their frustrations into extremist action.

The new Majlis draws heavily on professional people in keeping with the government's attempt to switch the base of its support from the landlord and merchant groups. While the new deputies will follow the Shah's lead for the present, independent leadership troublesome to the Shah could emerge in the Majlis over the longer run. In any event, the US Embassy in Tehran believes that

the re-establishment of the Majlis after a two-year lapse should have a healthy effect on business confidence both inside and outside the country.

Yemen: There is mounting evidence that a drastic change in the leadership of the republican regime in Yemen may be imminent. A recent conference attended by tribal, religious, and other Yemeni leaders called for a new council of ministers, led by a strong prime minister. President Sallal apparently would be retained, but only as a figurehead chief of state.

The conference also resolved to create a tribal army and to seek the withdrawal of Egyptian troops from noncombat areas. The delegates did not express opposition to the republic itself or profess any devotion to the old religious imamate which the royalists wish to restore.

There are indications that the Egyptians also may believe that the present regime is unworkable, and they may be preparing to help reconstruct it on a broader basis. Egyptian Field Marshal Amer and another of Nasir's top aides, Anwar Sadat, were sent to Yemen on 25 September, possibly to take part in such an effort.

25X1

25X1
25X1

SECRET

SECRET

Europe

NEW FRENCH EFFORTS TOWARD ANTI-GAULLIST ALLIANCES

Reports that De Gaulle plans to seek re-election before his present term expires in 1965, and recent opinion polls showing a decline in his popularity, have led to new efforts by anti-Gaullists to form alliances against him. The chief beneficiary of these maneuvers is likely to be the Communist Party (PCF).

The latest authoritative poll shows the percentage of Frenchmen satisfied with De Gaulle's performance as president down from 50 in June to 44 in late August, and the number of undecided respondents up from 13 to 22 percent. The greatest decline in De Gaulle's popularity occurred among farmers.

On 15 September, the opposition held the first of a series of "banquets of a thousand" designed to promote the unity of all anti-Gaullists behind a single presidential candidate. The banquet was attended by local office-holders representing parties ranging from the PCF to parties on the right. The non-Communist left furnished most of the big-name speakers. Notable for its presence was a delegation of the Socialist party (SFIO), which last spring refused to participate in a "study group" aimed at achieving much the same goal but which included more center and rightist figures.

The success of the "banquets," as with any endeavor to formulate joint opposition to De Gaulle, depends on a solution of the perennial problem

of relations between the PCF and the non-Communist left--particularly the SFIO. There has been no letup in the PCF's campaign to publicize the similarity of its own and SFIO opposition and to encourage joint activities.

SFIO leader Guy Mollet, meanwhile, has continued to swing his party toward the left. The SFIO congress last May sought to distinguish between a political accord with the PCF and a "defensive tactic against a declared peril." Mollet further obscured this distinction when he spoke hopefully of "worker unity" in France during a 16 September radio interview.

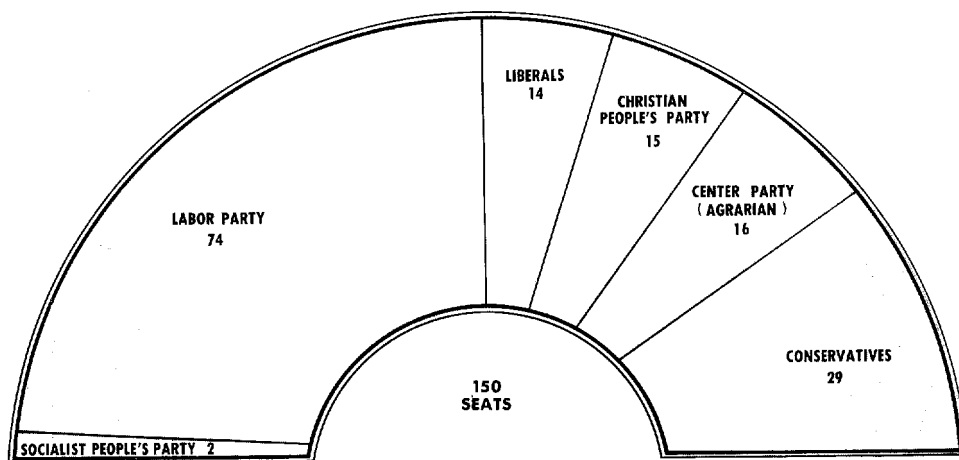
In early November Mollet will lead an SFIO delegation to Moscow at the invitation of the Soviet Communist Party. Rightly or not, the visit will be interpreted by many French voters as evidence that the PCF and SFIO are drawing closer together.

Despite hints dropped during his current provincial tour that he will run again, De Gaulle continues to keep his own counsel as to his ultimate intentions. Recent reports that he will seek re-election next spring may have been floated by leaders of the Gaullist Union for the New Republic (UNR) in an attempt to bring into the open political alliances which will appear to the electorate to be Communist-dominated. Such a strategy would be consistent with continuing UNR efforts to create the impression of a black-and-white electoral choice between itself and the Communists.

25X1

SECRET

NORWEGIAN PARLIAMENT



000000

SECRET

Europe

LABOR GOVERNMENT RECONSTITUTED IN NORWAY

The reconstitution of a minority Labor cabinet on 25 September restores the Norwegian Government to essentially the same situation prevailing before Labor was toppled by a coalition of the nonsocialist parties late last month. The new government will again be headed by the veteran Labor Party chairman, Einar Gerhardsen, who has held the post of prime minister for most of the postwar period. The foreign affairs and defense ministries will also be headed by the previous Labor incumbents, Halvard Lange and Gudmund Harlem.

The principal cabinet changes have been made in those posts responsible for administering domestic economic matters. The new ministers in these posts seem to be identified with Labor's left wing and may reflect the more aggressively socialist program Gerhardsen has said he intends to pursue. In addition to expanding the already extensive social welfare programs, Gerhardsen has proposed that the government increase the number of publicly owned industries and utilities. He also favors tightening government control over banks and other credit institutions.

The victory Labor won in the local elections of 23 September is already being interpreted by party leaders as a mandate from the electorate to implement these proposals. The opposition parties, however, charge that the leftward turn in Labor's domestic economic

program represents the price Labor paid to secure the support of the extreme leftist splinter Socialist People's Party (SPP) in bringing down Conservative Prime Minister Lyng's short-lived government.

An immediate problem confronting Gerhardsen is the need to restore some measure of cooperation with the four parties of the outgoing government. These parties deeply resent Labor's actions in toppling Norway's first nonsocialist government in 28 years without giving it a reasonable period to demonstrate its ability to govern. Consequently, Labor will face a bitter fight in parliament over its domestic economic program. On basic foreign policy and defense questions, however, there is a wide area of agreement among all the non-Communist parties, and these matters will not be affected by the tug of war between Labor and its opposition.

Both Labor and the non-socialist parties are expected to support a constitutional amendment that would permit the dissolution of parliament and the calling of new elections before their regularly scheduled date in 1965. Neither group is satisfied with the present parliamentary line-up, in which each of the two major blocs controls 74 seats, leaving the balance of power in the hands of the two SPP deputies.

25X1

SECRET

SECRET

Western Hemisphere

OVERTHROW OF DOMINICAN PRESIDENT BOSCH

The chief instigator of the 25 September coup d'etat that overthrew Dominican President Juan Bosch was army Colonel Elias Wessin y Wessin. He was successful largely because of the support he got from air force commander General Atila Luna.

Wessin previously has been described by US military officials as a tough and virulent anti-Communist, backed by a group of the more reactionary young officers. Bosch's demand early on the morning of the 25th that Wessin be removed for antigovernment plotting reportedly led to the coup.

The degree of civilian participation is unclear. However, would-be strong men Antonio Imbert and Luis Amiana--only survivors of ex-dictator Rafael Trujillo's assassins--signed the initial military communiqué. Also, police chief Belisario Peguero, an Imbert crony, apparently collaborated with the plotters.

The military forces, meanwhile, are continuing their efforts to form a provisional government composed of civilians. They are conferring amid rumors that Bosch's followers will attempt to organize a general strike or other protest action. Representatives of rightist political parties reportedly were still meeting at the National Palace in Santo Domingo 24 hours after the coup and had not reached agreement on who should be included in the new government.

The end of Bosch's seven-month-old government--the first freely elected democratic regime in the country in over 30 years--does not augur well for Dominican political

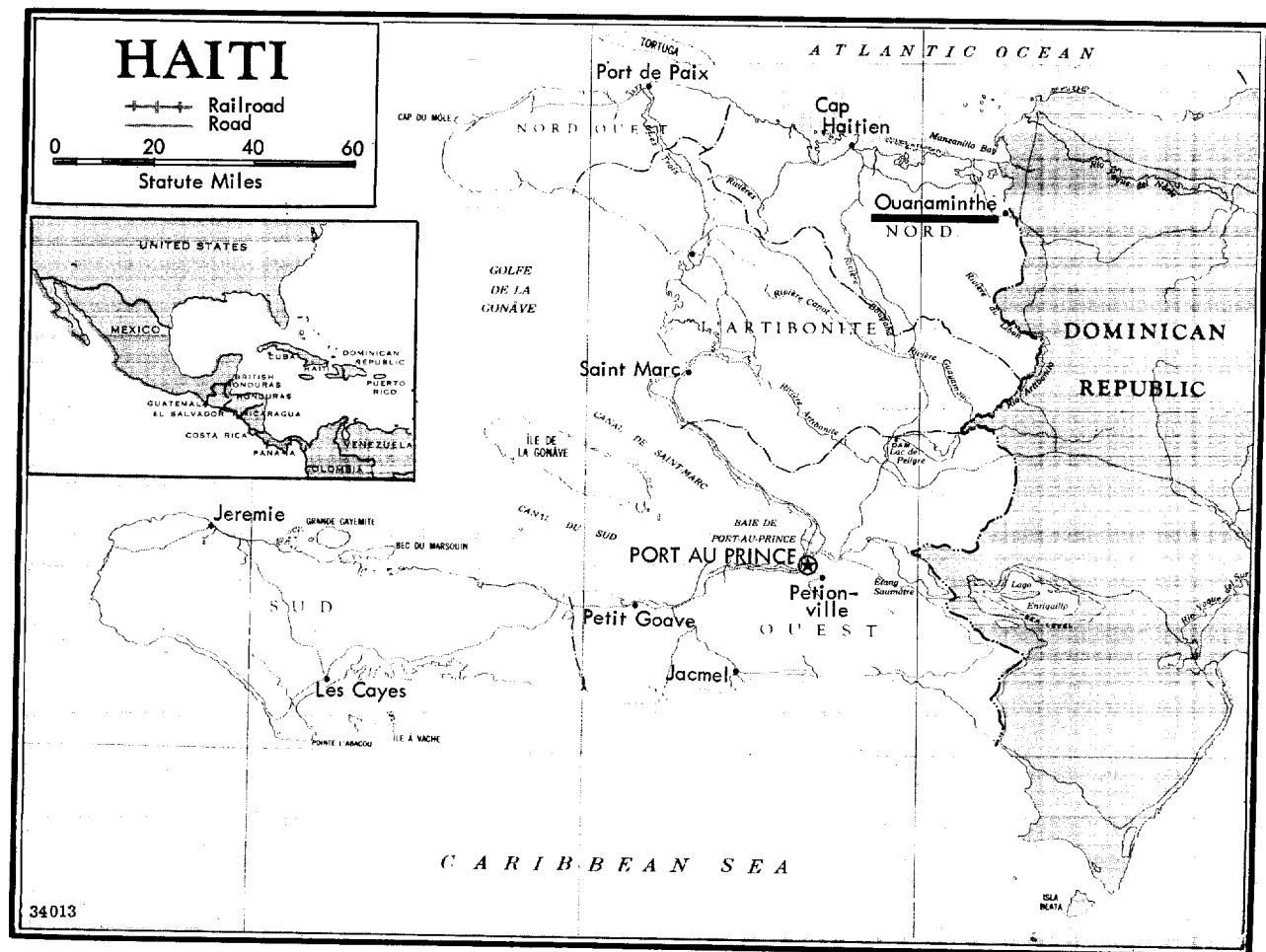
stability. There is bound to be haggling and cliquishness among the new rulers, particularly on the part of opportunistic politicians who are cooperating with the military and were involved in pre-coup plotting. None of them commands any sizable popular support, and the extreme rightist policies adopted by the armed forces will not find favor among most Dominicans.

The police have cracked down on Castro-Communist parties--which were outlawed by the military immediately upon ousting Bosch. The arrest of numerous extreme leftist leaders may deter significant anti-military action by their followers for the time being. However, the new regime's repression of the left has also removed the only moderate leftist parties from the political scene. This may eventually rebound in favor of extreme leftists.

Except in Haiti, foreign reaction to the Dominican coup has been overwhelmingly unfavorable. A Radio Moscow commentator intimated that US military elements had been encouraging such action since mid-summer. The broadcast concluded that the Dominican military "with the blessing of their American bosses" were attempting to force on the Dominican people a new dictatorship and to "resurrect the the gloomy years of the Trujillo rule."

Latin American reaction has been especially sharp. Venezuela and Costa Rica have suspended diplomatic relations, and several other countries will follow suit. Venezuelan President Betancourt, a close friend of Bosch, was visibly shaken by the potential

SECRET



SECRET

Western Hemisphere

repercussions of the Dominican events on his own relationship with the Venezuelan military, who long have been displeased with Betancourt's failure to take strong action in the face of widespread Communist and pro-Communist terrorism.

In New York, Latin American delegates to the UN General Assembly appear upset by the Dominican coup. Venezuelan Foreign Minister Falcon Briceno, on instructions from Betancourt, met with Secretary Rusk to discuss the convening of a meeting of OAS foreign ministers. This is in line with Falcon's and Betancourt's belief that it is high time for a hemispheric discussion of the threat posed by military coups.

The Costa Rican, Salvadoran, and Honduran UN delegates have also voiced their deep concern over Dominican developments. The Cuban representation in New York, however, is said to be "jubilant" about Bosch's fall.

US Chargé Curtis in Port-au-Prince reports that Haitian Foreign Minister Chalmers, probably speaking without instructions from President Duvalier, intimated that the military take-over in the Dominican Republic might facilitate a solution of Haiti's problems with that country on a bilateral basis without further OAS involvement. He said nothing, however, about Haiti's reported intention to seek UN action on its charges of Dominican complicity in recent exile raids into Haiti.

25X1

25X1

HAITIAN DICTATOR CRUSHES ANOTHER EXILE RAID

The threat posed to the Duvalier regime in Haiti by General Cantave's exile forces seems virtually eliminated following their decisive defeat on 23 September.

A few rebels may remain in the Ounaminthe area in northeastern Haiti, scene of the recent raid, but they do not constitute any threat to the government.

While it is too early to assess how badly the exiles have been shaken by their latest setback, it is unlikely that they will try any more raids in the near future. Their prospects over the longer run appear to be little better unless they can somehow pull together a larger, better trained, and disciplined force.

According to the US Embassy in Port-au-Prince, the immediate result of the rebel defeat is that Duvalier now is in a stronger position than at any time in recent months. Since April, the dictator has broken

up an extensive military plot, repelled three raids by exiles, and survived a period of severe economic and fiscal hardship. Oblivious to foreign censure, he has relentlessly pressed his ruthless campaign to suppress all internal opposition to his rule. And he now has the satisfaction of the overthrow of Juan Bosch, his arch-enemy in the neighboring Dominican Republic.

With all these developments adding to Duvalier's confidence, there probably is worse to come. During a political rally last week, Duvalier pointedly remarked that his revolution has already devoured some of its undisciplined children and would continue to do so. Determined to consolidate his power further, he may well begin another purge of elements in his regime he considers unreliable. Significantly, the Legislative Assembly recently declared Haiti a one-party state.

25X1

SECRET

SECRET

Western Hemisphere

INCREASING EXTREMIST AGITATION IN BRAZIL

Brazil's extreme left, hoping to exploit continued unsettled conditions, is increasing pressure on President Goulart and Congress for actions favorable to it. On 23 September the Communist-dominated General Workers Command (CGT) and its allies issued a "manifesto" demanding the immediate adoption of a sweeping reform program by the government which would require drastic constitutional changes.

These groups have been threatening for some time to instigate a general strike if their demands are not met. To lend emphasis to the threat, the CGT called a bank workers' strike on 24 September.

An immediate goal of the extreme left appears to be the removal of General Peri Bevilacqua from command of the Second Army in Sao Paulo. Bevilacqua has publicly proclaimed his opposition to politically motivated strikes, and has gone so far as to publicly denounce the CGT and other leftist labor groups as "enemies of democracy and traitors."

The US Army attaché reports information from War Ministry sources that Bevilacqua will indeed be removed soon. If this does occur, it could precipitate a strong reaction by conservative elements.

Outwardly, Goulart has maintained an equivocal position. However, he may actually be cooperating with the leftists and even encouraging them to press their case.

The key figure at the moment seems to be Minister of War Jair Ribeiro, who appears to be torn between conflicting pressures. On the one hand he has sworn to uphold the constitutional government and remain out of politics, while on the other he is being pushed by the military to seize the initiative and crack down on the leftists.

Ribeiro has a reputation as a man without deep personal convictions who, while not pro-Communist, finds it expedient to cooperate with leftists. He did, however, act firmly to put down the leftist sergeants' outbreak in Brasilia in early September and endorsed the use of troops against strikers in Santos.

25X1

SECRET

SECRET

Western Hemisphere

THE CHILEAN POLITICAL SITUATION

Although Chile's presidential election is still a year away, intense maneuvering is already under way. The political scene is still highly fluid, however, and likely to become more so.

There are three major candidates in the field: Radical Senator Julio Durán, representing the government-oriented Democratic Front, Senator Eduardo Frei of the Christian Democrats, and Socialist Senator Salvador Allende, who heads the ticket of the Communist-supported Popular Action Front. It is presently impossible to gauge their respective strengths accurately because of numerous current reports and rumors of shifting loyalties. The picture is also clouded by the candidacy of a fourth individual, independent Jorge Prat, and by uncertainty as to the intentions of incumbent President Jorge Alessandri, for whom a re-election movement is under way.

Alessandri has denied ambitions for a second term, and Durán came away from a recent interview with him convinced that he would not run again. However, persistent pressure from his supporters might weaken Alessandri's resolve. The President, however, has done little on Durán's behalf, but has instead praised Prat, and this has led to speculation that Alessan-

dri hopes that Prat will undermine Durán's candidacy. In this case the President would appear as the only rightist capable of winning the elections.

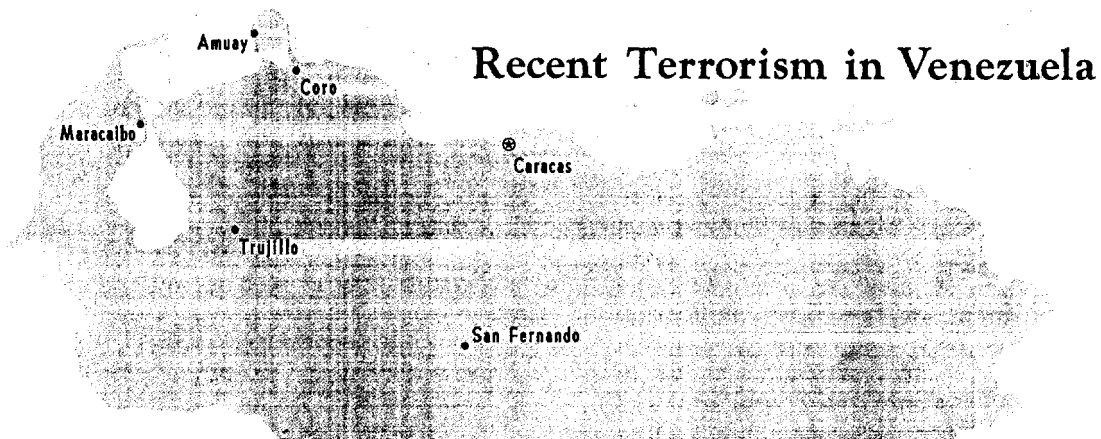
For Alessandri to succeed himself, the constitution would have to be amended. A simple majority of the congress may do this, but the process is cumbersome and would require a minimum of four months. Should congress reject an amendment, Alessandri could submit the issue to a national plebiscite.

Meanwhile, the recent cabinet crisis, brought on by disagreement over settlement of a labor dispute, may affect the presidential race. As matters stand, the coalition of Liberals, Conservatives, and Radicals (who make up the Democratic Front) has been broken at the ministerial level. The Radicals have withdrawn from the government and adopted an independent position. The Conservatives also left the cabinet, but will continue to support the administration.

As a consequence, Alessandri on 25 September appointed a completely new government. This government, nonpolitical in character, is composed of veteran technicians and will be only loosely associated with the Democratic Front.

25X1

SECRET



Recent Terrorism in Venezuela

15 Sept	Caracas	Arson at US-owned Metro-Goldwyn-Mayer office.	17 Sept	Maracaibo	Drugstore bombed by terrorists. Another bomb found undetonated.
16 Sept	Near Coro	Guerrillas raid three villages, stealing arms and killing guard.		Caracas	US-owned Otis Elevator Company attacked, stock set afire (damage slight).
	Trujillo	Ten extremist leaders escape jail.	18 Sept	Amuay	Slight bomb damage to Creole pipeline (sixth attack in seven months on this US-owned installation).
	Caracas	Police clash with terrorists: one policeman killed.	19 Sept	Maracaibo	Headquarters of Accion Democratica party destroyed by bombing.
	Near San Fernando	Guerrillas occupy landowner's estate, stealing large sum of money.		Caracas	US-owned DuPont warehouse destroyed; loss estimated at \$270,000.
			20 Sept	Caracas	Adams Shirt Store set afire in mistaken belief US-owned.

630924

25X1

SECRET

Western Hemisphere

VENEZUELAN TERRORISTS CONTINUE THEIR OFFENSIVE

Venezuelan terrorists have kept up for the third week their intensified campaign to undermine the government of President Betancourt.

During the period 15-20 September, there were eleven major incidents of arson, bombing, and murder in six widely separated cities. Four of the targets were US-owned enterprises. At least one other concern was attacked in the mistaken belief it was American.

This record is almost certainly incomplete. The terrorists probably carried out a number of less spectacular raids which went unreported either because they escaped the notice of the press or because the government has suppressed their disclosure.

Antiterrorist activity continues to be hampered by the government's desire to avoid lending substance to the FALN's charge that it is dictatorial. Thus far, Betancourt has relied primarily on the police rather than the armed forces, with indifferent results. Also, the recent unification of the security forces under the command of the chief of armed forces intelligence still has not been wholly implemented.

The intensification of terrorist attacks, however, and the increasing restiveness in the officer corps of the armed forces may yet force Betancourt to take stricter measures.

SECRET

Approved For Release 2008/06/19 : CIA-RDP79-00927A004200040001-3

Page Denied

Approved For Release 2008/06/19 : CIA-RDP79-00927A004200040001-3

Approved For Release 2008/06/19 : CIA-RDP79-00927A004200040001-3

SECRET

SECRET

Approved For Release 2008/06/19 : CIA-RDP79-00927A004200040001-3